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Mr. Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W., Room 700
Washington, D.C. 20006

Re: **STB Finance Docket No. 34567**
Arkansas Midland Railroad Company, Inc. -- Change in
Operators Exemption -- Line of Union Pacific Railroad Company

Dear Secretary Williams:

Pursuant to the Verified Notice of Exemption filed by Arkansas Midland Railroad Company, Inc. ("AKMD") in the above proceeding, this is to advise the Board that on December 13, 2004, AKMD consummated its lease and operation of the 39.42-mile line known as the Warren Line owned by Union Pacific Railroad Company ("UP") between the connection with UP at Milepost 422.32 in Dermott, Arkansas and Milepost 461.74 at Warren, Arkansas. The transaction includes approximately 5.56 miles of incidental trackage rights over UP's rail line between Milepost 415.26 at Dermott and Milepost 409.7 at McGehee, Arkansas and lease of certain car repair facilities at UP's McGehee, Arkansas yard.

Previously, AKMD had operated the line and trackage rights under emergency service authority from the Board issued in STB Finance Docket No. 34479, Arkansas Midland Railroad Company, Inc. - Alternative Rail Service - Line of Delta Southern Railroad, Inc.

Ten copies of this letter are enclosed for filing with the Board.

Respectfully submitted,

William C. Sippel
Attorney for Arkansas Midland
Railroad Company, Inc.

WCS/pj
Enclosures